



CLASSIFICATION

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Vice-President/ Vice-président(e)	<i>VM</i> 6/11	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Can this subject/title be released in its entirety to the public? / Cet objet/ce titre peut-il être rendu public en entier? <input checked="" type="checkbox"/> Yes / Oui <input type="checkbox"/> No / Non			
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<i>The purpose of this note is to provide an update on the design and expansion of the existing Halifax Container Examination Facility (CEF). As a marine port, the facility falls under Section 6 of the Customs Act (or "the Act") which requires that the Owner/Operators provide, equip and maintain adequate facilities for the Canada Border Services Agency (CBSA) at their expense. Halifax Port Authority (HPA) is the legal operator under the Act; HPA has delegated Maritime-Ontario Freight Lines (M-O) to work on their behalf with CBSA. More so than other owner/operators, HPA has challenged CBSA's interpretation of their financial responsibilities under the Act.</i>			



PROTECTED B

MEMORANDUM

To: **Paul MacKinnon, Executive Vice-President**
From: **Charles Chenard, Director General, National Real Property and Accommodations Directorate**
Cc: **Jonathan Moor, Vice-President, Finance and Corporate Management Branch**
Scott Taymun, Director General, Corporate Planning and Reporting Directorate
Subject: **Halifax Container Examination Status**

The purpose of this note is to provide an update on the design and expansion of the existing Halifax Container Examination Facility (CEF). As a marine port, the facility falls under Section 6 of the *Customs Act* (or “the Act”) which requires that the Owner/Operators provide, equip and maintain adequate facilities for the Canada Border Services Agency (CBSA) at their expense. Halifax Port Authority (HPA) is the legal operator under the Act; HPA has delegated Maritime-Ontario Freight Lines (M-O) to work on their behalf with CBSA. More so than other owner/operators, HPA has challenged CBSA’s interpretation of their financial responsibilities under the Act.

M-O contacted CBSA in March 2016 to discuss expanding their current operations. Shortly after, they attempted to forcibly relocate the CBSA; the Agency contacted HPA and those efforts ceased. However, it was agreed that the Agency would occupy a temporary space to allow M-O to complete its expansion. After which, it was mutually agreed that the Agency, as part of its standard practices, would provide a Statement of Requirement (SOR) that outlines our operational needs in order to render the existing facility adequate.

CBSA provided two SORs, the first was modelled on the Vancouver CEF standard and inconsistently assessed a higher number of bays, resulting in an overestimation of space requirements. This is an issue that will be addressed through the new Design Standards and Guidelines for the marine mode, currently in development. Through negotiations with M-O, the Agency provided an adjusted SOR more reflective of the types of commodities being processed (change in bay width) and removed a garage for a mobile large scale imaging trailer.

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In May 2018, HPA announced that they were exploring building a new facility. By June 2019, the Agency had still not received direction on their next steps, and had been residing in temporary space for over two years that was not adequate. The delay may have been the result of an internal disagreement between HPA and M-O as, in July 2019, HPA advised CBSA it was retrofitting their existing space and moving M-O out of the facility.

Currently, CBSA worked directly with HPA and provided comments on the 33% drawings. The 66% drawings are still pending and HPA has indicated that no construction will commence until floor plans are finalized. In the meantime, operations continue out of the inadequate temporary space. The Agency will continue to engage HPA and will be an active partner in ensuring the new drawings and space design meet all functional requirements.



Charles Chenard, Director General
National Real Property and Accommodations Directorate
Finance and Corporate Management Branch

ATTACHMENTS

1. Timeline
2. CBSA Counter-proposal

Timeline of Events Between CBSA and Halifax Port Authority

Background:

The Halifax Container Examination Facility falls under Section 6 of the *Customs Act* which requires that the Owner/Operators provide, equip and maintain adequate facilities for the Canada Border Services Agency (CBSA) at their expense. Halifax Port Authority (HPA) is the legal operator under the Act; HPA has delegated Maritime-Ontario Freight Lines (M-O) to work on their behalf with CBSA.

Milestones:

March 2016 Maritime-Ontario Freight Lines (M-O) M-O approached CBSA to discuss a potential expansion of the inadequate existing facility at 91 Simmonds Drive, Dartmouth NS.

It was mutually agreed that CBSA would provide HPA with a Statement of Requirement (SOR) that outlines our operational needs.

CBSA commenced the development of space requirements determined through the preparations of the SOR. SOR weighs; forecasted and current volumes, referral rates, threat risk assessments, and regional commodities. Facilitations and discussions of CBSA requirements began to be challenged by M-O, and justification was sought after for many standard requirements (bay sizes, detention technology space etc.).

August 2017 M-O advised HPA of their intent to terminate the provisions of the space and service to the CBSA, attributing their decision to internal operational pressures and funding. M-O's position included frustration with CBSA on quantifying and validating timely requirements.

September 2017 HPA and M-O negotiated transitional conditions resulting in the revocation of the eviction notice. CBSA does not agree or accept the conditions due to inadequate operational requirements to execute its border management mandate.

October 2017 CBSA provided HPA a completed formal SOR.

March 2018 Continued concerns by M-O related to burdensome requirement for space. CBSA compromised and adjusted specific negotiated requirements.

August 2018 CBSA provided an adjusted SOR mainly provisions for a reduction in bay widths and removal of the mobile large scale imaging garage, and refinement of the DSEA requirements and area.

May – December 2018 HPA began to explore plans for a design build. CBSA worked extensively with HPA to develop plans for a facility that met our requirements.

June – May 2019 HPA did not provide updates on next steps and what direction they were proceeding with despite numerous follow-ups.

July 2019 HPA advised CBSA it was retrofitting their existing space and moving M-O out of the facility.

September 2019 A face to face meeting with Regional Director and HPA provided CBSA with retrofitted plans.



PROTECTED B

MEMORANDUM

To: Paul MacKinnon, Executive Vice-President
From: Jonathan Moor, Vice-President
Subject: Update on the Halifax Container Examination Facility

Purpose

To provide an update on the current state of the existing Halifax Container Examination Facility (CEF) as well as the design for the expansion project.

Background

As a marine port, the facility falls under Section 6 of the *Customs Act* (or “the Act”) which requires that Owner/Operators provide, equip and maintain adequate facilities for the Canada Border Services Agency (CBSA) at their expense. Halifax Port Authority (HPA) is the owner and is legally responsible for meeting obligations under the Act. Day to day management was delegated by HPA to their operator Maritime-Ontario Freight Lines (M-O) to work with CBSA.

In February 2016, M-O advised CBSA they were expanding the CEF to include their domestic operations; including changes in office and warehouse space. In September 2017 CBSA relocated to the temporary CEF under the assumption that this solution would not exceed 12 months and that a master plan would be developed for a new permanent location. The current temporary facility does not meet CBSA requirements. from an operational and security perspective. Issues such as the improper delineation of space and co-location and shared access amongst staff members within the warehouse pose an operational risk to the agency.

HPA presented concept drawings to CBSA for a new build in September 2018. After consultation with CBSA stakeholders the plans were never further developed or finalized. HPA challenged the Statement of Requirements (SOR), which were modelled after the Port of Vancouver, Roberts Bank Marine Container Examination Facility on the Tsawwassen First Nations territory. Differences in the types of commodities examined were cited as a concern which resulted in a re-examination of space requirements. The Robert Banks facility receives commodities that require large shipments while in Atlantic shipments typically arrive on pallets and require less space to inspect. HPA brought forward concerns about space requirements and

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potential financial pressure. This resulted in further due diligence and culminated in CBSA's agreement to amend the (SOR) to reduce warehouse bay widths. In 2019, it was the Agency's understanding that the SOR issues were resolved and the project would proceed. HPA shortly thereafter announced it was looking at retrofitting the existing warehouse facility for CBSA's permanent location.

As part of HPA's vision; it was announced MO would re-locate to another facility allowing CBSA to occupy the full warehouse which would meet or exceed CBSA's SOR. Currently HPA has submitted indicative design for review and approval, which would see substantial completion 18-30 months post tender. CBSA is reluctant to commit to an additional 18-30 month completion date while we continue to operate in an inadequate facility.

Current Status

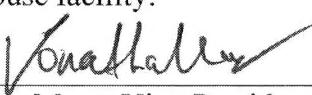
CBSA representatives (Regional Operations, Regional Infrastructure, Section 6) met with HPA in late September 2019 to discuss the change in direction for the project, timelines to move it forward, and inadequacies with the transitional space.

HPA advised that the redevelopment project would require M-O to move out of the facility and the retrofit to meet CBSA requirements would take approx. 18-30 months from finalization of the requirements. The requirements have been finalized, and HPA has since provided conceptual design which have been reviewed by CBSA.

With respect to the inadequacy of the current interim space, HPA committed to addressing existing deficiencies given that CBSA will remain within the temporary facility while the project is underway. CBSA advised that they would provide HPA with a list of deficiencies. CBSA Regional Security is currently completing a Threat Risk Assessment (TRA) to outline security deficiencies within the space so that they can be provided to HPA for action.

Next Steps

CBSA and HPA continue to work collaboratively to advance the design so that the redevelopment project advances and occupancy in the transitional space is minimized. In the interim, CBSA is to provide HPA the list of deficiencies for the transitional space so that an action plan can be developed to address the outstanding issues. HPA to confirm plans and timelines to relocate M-O and provide CBSA with a construction schedule for the renovated warehouse facility.



Jonathan Moor, Vice-President
Finance and Corporate Management Branch

ATTACHMENT

1. Timeline